

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|------------|
| APPLICATION OF DUKE ENERGY KENTUCKY, |) | |
| INC. FOR AN ORDER AUTHORIZING THE ISSUANCE |) | |
| OF UNSECURED DEBT AND LONG-TERM NOTES, |) | CASE NO. |
| EXECUTION AND DELIVERY OF LONG-TERM LOAN |) | 2010-00369 |
| AGREEMENTS, AND USE OF INTEREST RATE |) | |
| MANAGEMENT INSTRUMENTS |) | |

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than October 25, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Clarify whether Duke Kentucky is requesting Commission Approval to issue up to a total of \$100 million in debt or up to a total of \$126.72 million in debt.

2. Refer to page 2 of the Application. Duke Kentucky is requesting authorization to borrow from Boone County Kentucky, or another authorized issuer of tax exempt bonds in the Commonwealth of Kentucky, for a term not to exceed forty years, up to a maximum of \$26.72 million. Duke Kentucky states that this loan is to be used to refinance existing tax-exempt Authority Bonds. Duke Kentucky is requesting this authority to commence upon approval by the Commission through December 31, 2012. Duke Kentucky has been granted similar authorization in Case No. 2008-00503¹ through December 31, 2010.

a. Explain why Duke Kentucky has not exercised this authority since receiving it in 2009.

¹ Case No. 2008-00503, Application of Duke Energy Kentucky, Inc. for an Order Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments (Ky. PSC, Feb. 5, 2009).

b. State whether the authorization sought in this case, as described at page 2 of the Application, is identical to that authorized by the Commission in Case No. 2008-00503, with the exception being that Duke is requesting that the time to complete the transactions be extended to December 31, 2012. If no, explain other differences, if any.

3. Refer to page 3 of the Application at paragraph 5. Duke Kentucky is requesting authority to issue secured or unsecured debt or any combination thereof.

a. Explain how Duke Kentucky will determine which type of debt to issue.

b. Provide an estimate of the difference between secured and unsecured debt as it pertains to this specific financing request.

4. Refer to page 12, paragraph 9, of the Application. Duke Kentucky states that, in Case No. 2008-00503, the Commission authorized the issuance of up to \$100 million of securities for a period ending December 31, 2010. State whether the authorization sought in this case, as described at page 12, paragraph 9, of the Application, is identical to the authorization granted by the Commission in Case No. 2008-00503, with the exception being that Duke is requesting that the time to complete the transactions be extended to December 31, 2012. If no, explain other differences, if any.

DATED: OCT 15 2010

cc: Parties of Record


Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Kristen Cocanougher
Duke Energy Kentucky, Inc.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201